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FPs and accountants at odds on SMSF strategies

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Financial planners are almost three times as likely than accountants to place self managed super fund (SMSF) clients on a platform, highlighting key differences in how the two professions are dealing with this booming market segment.

The Investment Trends/AMP Capital 2009 SMSF Planner and Accountants Reports found 41 per cent of a planner's SMSF clients' assets sit on a platform, down 3 per cent in a year. The report also found 34 per cent of new inflows are being invested through a platform.

This is significant given Australian Tax Office (ATO) data revealed that around 15 to 20 per cent of SMSF assets are held in managed funds.

The difference in investment implementation approaches is because fewer accountants view investment platforms as appropriate for SMSFs, and the rate that do is falling.

Among those accountants that said platforms were not appropriate for platforms, a third said this is because platforms are too expensive and 17 per cent said it "defeats the purpose of an SMSF".

Driving the differences is that accountants tend to set up SMSFs to provide greater flexibility for clients while financial planners are, according to the report, providing advice that leads to SMSFs being invested into structures they can usually already find in a typical retail fund.

The tendency of financial planners to use platform to service SMSF clients is, however, expected to rise after the report found a quarter of planners said they would change how they use platforms, including 4 per cent of all SMSF planners who said they would increase their platform usage.

This theme of maximising control of a client's superannuation is best illustrated through the report showing that only 68 per cent of planner's advice to their SMSF clients is acted on. Even worse, this ratio is down six per cent on the previous year. Coinciding with this, accountants reported they expect their involvement with SMSF investment decisions to increase sharply in coming years.

The report found 60 per cent of financial planners that provide investment advice to SMSF clients are advising they change their long-term plans.

According to the report, planners working with SMSFs have on average 17 client funds and draw an average \$3,500 in revenue per fund.

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